

AMENDED IN SENATE DECEMBER 16, 2009

AMENDED IN SENATE APRIL 2, 2009

SENATE BILL

No. 771

Introduced by Senator Alquist

February 27, 2009

~~An act to add Section 1367.28 to the Health and Safety Code, and to add Section 10133.4 to the Insurance Code, relating to health care coverage. An act to amend Section 14005.25 of the Welfare and Institutions Code, relating to Medi-Cal.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 771, as amended, Alquist. ~~Health care coverage: patient-centered medical home. Medi-Cal: continuous eligibility: semiannual status reports.~~

Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services, under which basic health care services are provided to qualified low-income persons. The Medi-Cal program is partially governed and funded under federal Medicaid provisions.

Existing law, until July 1, 2012, requires the department, subject to the availability of federal financial participation, to exercise a federal option to expand continuous eligibility to children 19 years of age and younger for 6 months, after which date the continuous eligibility period shall be from the date of a determination of eligibility to the earlier of either the end of a 12-month period following the eligibility determination or the date the child exceeds 19 years of age.

Existing law provides that the provisions limiting continuous eligibility to 6 months shall be inoperative from March 27, 2009, until the date the Director of Health Care Services executes a declaration specifying

that increased federal financial participation is no longer available pursuant to the federal American Recovery and Reinvestment Act of 2009 (ARRA).

This bill would, instead, provide that the provisions limiting continuous eligibility to 6 months shall be inoperative from March 27, 2009, until the date the director executes a declaration specifying that increased federal financial participation is no longer available pursuant to ARRA or any subsequent federal legislation, including an amendment to ARRA, that either maintains or extends increased federal financial participation.

~~Existing law provides for licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for the regulation of health insurers by the Department of Insurance. A willful violation of provisions governing health care service plans is a crime.~~

~~This bill would require a health care service plan or a health insurer, or a medical group that contracts with a plan, that uses a pay-for-performance system for the payment of providers to provide a differential payment to providers who provide patients with a patient-centered medical home. Because a willful violation of this provision relative to a health care service plan would be a crime, this bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 14005.25 of the Welfare and Institutions*
- 2 *Code, as amended by Section 1 of Chapter 24 of the Third*
- 3 *Extraordinary Session of the Statutes of 2009, is amended to read:*
- 4 *14005.25. (a) To the extent federal financial participation is*
- 5 *available, the department shall exercise the option under Section*
- 6 *1902(e)(12) of the federal Social Security Act (42 U.S.C. Sec.*
- 7 *1396a(e)(12)) to extend continuous eligibility to children 19 years*
- 8 *of age and younger. A child shall remain eligible pursuant to this*

subdivision from the date of a determination of eligibility for Medi-Cal benefits until the earlier of either:

(1) The end of a 12-month period following the eligibility determination.

(2) The date the individual exceeds the age of 19 years.

(b) This section shall be implemented only if, and to the extent that, federal financial participation is available.

(c) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department shall, without taking regulatory action, implement this section by means of all county letters or similar instructions. Thereafter, the department shall adopt regulations in accordance with the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) In order to implement changes in the level of funding for health care services, commencing on the first day of the month following 90 days after the operative date of amendments to this section that added this subdivision, the continuous eligibility time period provided in paragraph (1) of subdivision (a) shall be reduced to six months.

(e) (1) Subdivision (d) shall be inoperative from the date the act adding this subdivision becomes effective until the date the Director of Health Care Services executes a declaration specifying that increased federal financial participation is no longer available pursuant to the federal American Recovery and Reinvestment Act of 2009 (Public Law 111-5) *or any subsequent federal legislation, including an amendment to the federal American Recovery and Reinvestment Act of 2009, that either maintains or extends increased federal financial participation.*

(2) The department shall redetermine the continuous eligibility period of any child whose continuous eligibility period was determined or redetermined pursuant to subdivision (d) during the first calendar year quarter of 2009 and shall grant to that child the period of continuous eligibility provided for in subdivision (a), retroactive to the date that the determination or redetermination under subdivision (d) was made.

(f) This section shall become inoperative on July 1, 2012, and as of January 1, 2013, is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.

1 SECTION 1. ~~Section 1367.28 is added to the Health and Safety~~
2 ~~Code, to read:~~

3 ~~1367.28. (a) A health care service plan, or a medical group~~
4 ~~that contracts with a health care service plan, that uses a~~
5 ~~pay-for-performance system for the payment of providers shall~~
6 ~~provide a differential payment for providers who provide patients~~
7 ~~with a patient-centered medical home, in accordance with standards~~
8 ~~established by the National Committee for Quality Assurance.~~
9 ~~This section shall not apply to specialized health care service plans.~~

10 ~~(b) For the purposes of this section, a “pay-for-performance~~
11 ~~system” means a payment system that rewards physicians,~~
12 ~~hospitals, medical groups, and other health care providers for~~
13 ~~meeting prescribed performance measures for quality and~~
14 ~~efficiency.~~

15 SEC. 2. ~~Section 10133.4 is added to the Insurance Code, to~~
16 ~~read:~~

17 ~~10133.4. (a) A health insurer that uses a pay-for-performance~~
18 ~~system for the payment of providers shall provide a differential~~
19 ~~payment for providers who provide patients with a patient-centered~~
20 ~~medical home, in accordance with standards established by the~~
21 ~~National Committee for Quality Assurance.~~

22 ~~(b) For the purposes of this section, a “pay-for-performance~~
23 ~~system” means a payment system that rewards physicians,~~
24 ~~hospitals, medical groups, and other health care providers for~~
25 ~~meeting prescribed performance measures for quality and~~
26 ~~efficiency.~~

27 SEC. 3. ~~No reimbursement is required by this act pursuant to~~
28 ~~Section 6 of Article XIII B of the California Constitution because~~
29 ~~the only costs that may be incurred by a local agency or school~~
30 ~~district will be incurred because this act creates a new crime or~~
31 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
32 ~~for a crime or infraction, within the meaning of Section 17556 of~~
33 ~~the Government Code, or changes the definition of a crime within~~
34 ~~the meaning of Section 6 of Article XIII B of the California~~
35 ~~Constitution.~~